

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name West Branch Township		County Missaukee
Audit Date 3/31/04		Opinion Date 9/23/04		Date Accountant Report Submitted to State: October 8, 2004

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
		ZIP 49601	
Accountant Signature 			Date 10/8/04

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY

LAKE CITY, MICHIGAN

MARCH 31, 2004

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

MARCH 31, 2004

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WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

MARCH 31, 2004

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CADILLAC, MICHIGAN 49601
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FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER,

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 23, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
West Branch Township
Missaukee County
Lake City, Michigan

We have audited the accompanying general-purpose financial statements of West Branch Township, Missaukee County, Lake City, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I. B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of West Branch Township, Missaukee County, Lake City, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I. B.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>FUND TYPE</u>	<u>GENERAL</u>	<u>(MEMORANDUM ONLY)</u>
<u>ASSETS</u>			<u>AGENCY</u>	<u>FIXED ASSETS</u>	
Cash					
Commercial Account	\$ 81,374	\$ 11,363	\$ 658	\$ 0	\$ 93,395
Money Market Account	27,395	0	0	0	27,395
Taxes Receivable	2,164	1,799	0	0	3,963
Land and Buildings	0	0	0	24,837	24,837
Machinery and Equipment	0	0	0	3,332	3,332
Furniture and Fixtures	0	0	0	2,179	2,179
TOTAL ASSETS	<u>\$ 110,933</u>	<u>\$ 13,162</u>	<u>\$ 658</u>	<u>\$ 30,348</u>	<u>\$ 155,101</u>
<u>LIABILITIES AND EQUITY</u>					
<u>LIABILITIES</u>					
Deferred Revenue	\$ 2,164	\$ 1,799	\$ 0	\$ 0	\$ 3,963
<u>EQUITY</u>					
Investment in General					
Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 30,348	\$ 30,348
Balance					
Reserved for Fire Protection	0	11,363	0	0	11,363
Unreserved	108,769	0	658	0	109,427
Total Equity	<u>\$ 108,769</u>	<u>\$ 11,363</u>	<u>\$ 658</u>	<u>\$ 30,348</u>	<u>\$ 151,138</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 110,933</u>	<u>\$ 13,162</u>	<u>\$ 658</u>	<u>\$ 30,348</u>	<u>\$ 155,101</u>

The accompanying notes are an integral part of these financial statements.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 22,492	\$ 12,235	\$ 34,727
State Grants	37,903	0	37,903
Charges for Services	2,410	0	2,410
Interest and Rents	740	0	740
Other Receipts	14	0	14
Total Receipts	\$ 63,559	\$ 12,235	\$ 75,794
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,758	\$ 0	\$ 3,758
General Government			
Supervisor	3,225	0	3,225
Assessor	7,021	0	7,021
Clerk	5,175	0	5,175
Board of Review	954	0	954
Treasurer	10,918	0	10,918
Building and Grounds	965	0	965
Cemetery	4,180	0	4,180
Public Safety	0	11,142	11,142
Public Works	50,732	0	50,732
Other Functions	5,311	0	5,311
Total Disbursements	\$ 92,239	\$ 11,142	\$ 103,381
Excess of Receipts Over (Under) Disbursements	\$ (28,680)	\$ 1,093	\$ (27,587)
<u>BALANCE - April 1, 2003</u>	137,449	10,270	147,719
<u>BALANCE - March 31, 2004</u>	\$ 108,769	\$ 11,363	\$ 120,132

The accompanying notes are an integral part of these financial statements.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,000	\$ 22,492	\$ (15,508)
State Grants	30,000	37,903	7,903
Charges for Services	76	2,410	2,334
Interest and Rents	1,200	740	(460)
Other Receipts	1,250	14	(1,236)
Total Receipts	\$ 70,526	\$ 63,559	\$ (6,967)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,100	\$ 3,758	\$ 1,342
General Government			
Supervisor	3,350	3,225	125
Election	1,275	0	1,275
Assessor	6,745	7,021	(276)
Clerk	5,810	5,175	635
Board of Review	1,235	954	281
Treasurer	8,360	10,918	(2,558)
Building and Grounds	3,960	965	2,995
Cemetery	6,700	4,180	2,520
Public Safety	15,600	0	15,600
Public Works	43,000	50,732	(7,732)
Other Functions	7,800	5,311	2,489
Contingency	5,000	0	5,000
Total Disbursements	\$ 113,935	\$ 92,239	\$ 21,696
Excess of Receipts Over (Under) Disbursements	\$ (43,409)	\$ (28,680)	\$ 14,729
<u>BALANCE - April 1, 2003</u>	137,449	137,449	0
<u>BALANCE - March 31, 2004</u>	\$ 94,040	\$ 108,769	\$ 14,729

The accompanying notes are an integral part of these financial statements.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

West Branch Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

- I. The investment policy adopted by the Township states that the Township is limited to investments authorized by PA 20 of 1943, as amended, and may invest in the following:
 - a. Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
 - b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the West Branch Township Board at the Board's organizational meeting after each regular election of board members.
 - c. Commercial paper rated at the time of purchase within the two highest classifications established by not more than 270 days after the date of purchase.
 - d. Repurchase agreements consisting of instruments listed in (a).
 - e. Bankers' acceptances of United States banks.
 - f. Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
 - g. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

5. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 19, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Excess of Expenditures over Appropriations

A budget was not adopted for the Township's Fire Fund for this 2003-2004 fiscal year.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$120,790, and the bank balance was \$216,390. Of the bank balance, \$196,368 was covered by federal depository insurance. The remaining \$20,022 are in accounts which exceed the federal depository insurance of \$100,000 and are also uncollateralized.

The Township's carrying amount of deposits at year-end are shown below:

Chemical Bank West	
Lake City, Michigan	
Commercial Accounts	\$ 93,395
Fifth Third Bank	
Cadillac, Michigan	
Money Market Account	<u>27,395</u>
TOTAL	<u>\$ 120,790</u>

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE			BALANCE
	4/1/03	ADDITIONS	DELETIONS	3/31/04
Land and Buildings	\$ 24,837	\$ 0	\$ 0	\$ 24,837
Machinery and Equipment	3,332	0	0	3,332
Furniture and Fixtures	2,179	0	0	2,179
TOTAL	\$ 30,348	\$ 0	\$ 0	\$ 30,348

C. Fire Protection Contracts

The Township has a contract with Norwich Township and paid \$2,000 for fire protection for the period April 1, 2003, to March 31, 2004. In addition, the contract calls for additional charges for fire runs.

The Township has a contract with the Merritt Area Fire Department for fire protection for a portion of the Township. The contract runs from May 1, 2003, to April 30, 2004. The basic charge for this service is determined by multiplying the taxable value for the area covered by the agreement times .001. In addition, there is a flat charge of \$500 for each fire run.

IV. OTHER INFORMATION

A. Retirement Plan

Effective January 1, 1992, the Township established a Simplified Employee Pension Individual Retirement Account (SEP-IRA). The plan was established with Chemical Bank West, Lake City, Michigan. The plan covers all elected Township officials and the Township cemetery sexton. Contributions under the plan are equal to 7.5% of covered wages and are paid on a quarterly basis. Township contributions to the plan for 2003-2004 amounted to \$1,716.

The individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which are includible as part of the Township reporting entity.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Property Taxes

The Township levied 1.1672 mills for general operating purposes on a taxable value of \$12,770,699 on the 2003 tax roll. Also, the Township levied .9703 mills for fire protection.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1, which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

C. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 740	\$ 0

D. Property Tax Administration Fee

The Township passed a resolution on October 14, 1984, to charge a 1% administration fee on all property taxes levied after this date.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

E. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

F. Tax Collection Fund Balance

The balance of \$658 remaining in the Current Tax Collection Fund at March 31, 2004, consisted of property tax administration fees which will be transferred to the Township's General Fund.

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 81,374
Money Market Account	27,395
Taxes Receivable	<u>2,164</u>
 TOTAL ASSETS	 \$ <u>110,933</u>

LIABILITIES AND BALANCE

LIABILITIES

Deferred Revenue	\$ 2,164
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EQUITY

Balance	
Unreserved	<u>108,769</u>

TOTAL LIABILITIES AND BALANCE	\$ <u>110,933</u>
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WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,000	\$ 22,492	\$ (15,508)
State Grants	30,000	37,903	7,903
Charges for Services	76	2,410	2,334
Interest and Rents	1,200	740	(460)
Other Receipts	1,250	14	(1,236)
Total Receipts	\$ 70,526	\$ 63,559	\$ (6,967)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,100	\$ 3,758	\$ 1,342
General Government			
Supervisor	3,350	3,225	125
Election	1,275	0	1,275
Assessor	6,745	7,021	(276)
Clerk	5,810	5,175	635
Board of Review	1,235	954	281
Treasurer	8,360	10,918	(2,558)
Building and Grounds	3,960	965	2,995
Cemetery	6,700	4,180	2,520
Public Safety	15,600	0	15,600
Public Works	43,000	50,732	(7,732)
Other Functions	7,800	5,311	2,489
Contingency	5,000	0	5,000
Total Disbursements	\$ 113,935	\$ 92,239	\$ 21,696
Excess of Receipts Over (Under) Disbursements	\$ (43,409)	\$ (28,680)	\$ 14,729
<u>BALANCE - April 1, 2003</u>	137,449	137,449	0
<u>BALANCE - March 31, 2004</u>	\$ 94,040	\$ 108,769	\$ 14,729

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 12,740	
Delinquent Property Taxes	2,100	
Property Tax Administration Fee	3,279	
Swamp Tax	<u>4,373</u>	
Total Taxes		\$ 22,492

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		37,903

CHARGES FOR SERVICES

Grave Openings	\$ 1,125	
Summer Tax Collection Fee	<u>1,285</u>	
Total Charges for Services		2,410

INTEREST AND RENTS

Interest Earnings		740
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OTHER RECEIPTS

Refunds		<u>14</u>
TOTAL CASH RECEIPTS		<u>\$ 63,559</u>

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	1,320
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Per Diem		270
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Other Services and Charges

Recycling		294
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Clean Up		1,483
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Dues and Fees		306
---------------	--	-----

Printing and Publishing		85
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Total Legislative	\$	3,758
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GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$	3,000
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Per Diem		225
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Assessor

Personal Services

Salaries and Wages	\$	5,500
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Supplies

Office Supplies		215
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Other Services and Charges

Contracted Services		1,253
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Miscellaneous		53
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Clerk

Personal Services

Salaries and Wages	\$	4,800
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Per Diem		315
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Salaries and Wages - Deputy		50
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Supplies

Office Supplies		10
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		5,175
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WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Other Services and Charges			
Contracted Services	\$	685	
Education and Training		220	
Miscellaneous		49	954
Treasurer			
Personal Services			
Salaries and Wages	\$	6,300	
Per Diem		315	
Salaries and Wages - Deputy		328	
Supplies			
Office Supplies		589	
Other Services and Charges			
Contracted Services		3,386	10,918
Building and Grounds			
Supplies			
Maintenance Supplies	\$	340	
Other Services and Charges			
Public Utilities		625	965
Cemetery			
Personal Services			
Salaries and Wages	\$	720	
Other Services and Charges			
Contracted Services		3,460	4,180
Total General Government			32,438
<u>PUBLIC WORKS</u>			
Highways, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance			50,732

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

OTHER FUNCTIONS

Insurance and Bonds		\$	2,533	
Employee Benefits				
Pension Contribution	\$	1,716		
Medicare and Social Security		312		
Workers' Compensation		750	2,778	
Total Other Functions				<u>5,311</u>
TOTAL CASH DISBURSEMENTS				<u><u>\$ 92,239</u></u>

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 11,363
Taxes Receivable	<u>1,799</u>
TOTAL ASSETS	<u>\$ 13,162</u>

LIABILITIES AND BALANCE

LIABILITIES

Deferred Revenue	\$ 1,799
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EQUITY

Balance	
Reserved for Fire Protection	<u>11,363</u>

TOTAL LIABILITIES AND BALANCE	<u>\$ 13,162</u>
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WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENT AND CHANGES IN BALANCE
MARCH 31, 2004

RECEIPTS

Taxes

Current Property Taxes	\$	10,590
Delinquent Property Taxes		<u>1,645</u>

Total Receipts \$ 12,235

DISBURSEMENTS

Public Safety

Fire Protection

Contracted Protection

Norwich Township	\$	2,000
Merrit Area Fire Department		<u>9,142</u>

11,142

Excess of Receipts Over (Under) Disbursements \$ 1,093

BALANCE - April 1, 2003 10,270

BALANCE - March 31, 2004 \$ 11,363

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	\$ 658
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LIABILITIES AND BALANCE

<u>LIABILITIES</u>	\$ 0
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EQUITY

Balance

Unreserved	658
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TOTAL LIABILITIES AND BALANCE	\$ 658
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WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 342,251	
Property Tax Administration Fee	3,472	
Interest	118	
Dog License Fees	10	
Over Collections	263	
Total Receipts	<hr/>	\$ 346,114

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 75,634	
County - State Education Tax	59,651	
County - State Education Tax - Interest	118	
Dog Licenses	9	
	<hr/>	\$ 135,412
Payments to Township Treasurer		
Current Tax		
Operating	\$ 12,740	
Fire	10,590	
Property Tax Administration Fee	2,824	26,154
	<hr/>	
Payments to School Treasurer		
Current Tax		
Lake City Area Schools	\$ 93,734	
Houghton Lake Community Schools	22,380	116,114
	<hr/>	
Payments to Community College		
Current Tax		
Kirtland Community College		14,821
Payments to Intermediate School Treasurer		
Current Tax		
Wexford-Missaukee Intermediate	\$ 48,392	
Coor Intermediate	2,599	50,991
	<hr/>	

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

Payments to Library Treasurer		
Current Tax		
Houghton Lake Public Library	1,710	
Refunds to Tax Payers for Over Collections	<u>263</u>	
 Total Disbursements		<u>345,465</u>
 Excess of Receipts Over Disbursements		\$ 649
 <u>BALANCE</u> - April 1, 2003		<u>9</u>
 <u>BALANCE</u> - March 31, 2004		<u>\$ 658</u>

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 24,837	\$ 0	\$ 0	\$ 24,837
Machinery and Equipment	3,332	0	0	3,332
Furniture and Fixtures	2,179	0	0	2,179
	<u>\$ 30,348</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,348</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>				
	<u>\$ 30,348</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,348</u>

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	88,506	
County - State Education Tax		63,853	
Township			
Operating		14,904	
Fire		12,389	
Schools			
Lake City Area Schools		105,518	
Houghton Lake Community Schools		22,854	
Intermediate Schools			
Wexford-Missaukee		57,289	
Coor		2,937	
Kirtland Community College		16,716	
Houghton Lake Library		1,933	\$ 386,899

TAXES COLLECTED

County	\$	75,634	
County - State Education Tax		59,651	
Township			
Operating		12,740	
Fire		10,590	
Schools			
Lake City Area Schools		93,734	
Houghton Lake Community Schools		22,380	
Intermediate Schools			
Wexford-Missaukee		48,392	
Coor		2,599	
Kirtland Community College		14,821	
Houghton Lake Library		1,710	342,251

WEST BRANCH TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County	\$	12,872	
County - State Education Tax		4,202	
Township			
Operating		2,164	
Fire		1,799	
Schools			
Lake City Area Schools		11,784	
Houghton Lake Community Schools		474	
Intermediate Schools			
Wexford-Missaukee		8,897	
Coor		338	
Kirtland Community College		1,895	
Houghton Lake Library		223	
		<hr/>	<hr/>
	\$		44,648

134 WEST HARRIS STREET
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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 23, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
West Branch Township
Missaukee County
Lake City, Michigan

As a result of our audit of the general-purpose financial statements of West Branch Township for the year ended March 31, 2004, we would like to note the following items:

Property Tax Administration Fee

As reported in Note IV.D of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

Reportable Condition in Internal Controls

In planning and performing our audit of the general-purpose financial statements of West Branch Township for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We have included a separate letter (letter of reportable conditions) which addresses those items noted.

GASB 34

The Government Accounting Standards Board has issued a new pronouncement that will dramatically change the way governmental entities report their financial information. For West Branch Township, GASB 34 will become effective for the year ending March 31, 2005.

Some of the changes required by GASB 34 are as follows:

- a) Management's discussion and analysis will be the first thing in a financial report. This will be the administration's narrative overview of the information contained in the financial statements.
- b) The budgetary comparison information must report the original adopted budget and the final amended budget.
- c) Capital assets and long-term liabilities will be required to be reported in the balance sheet. The depreciation on the capital assets will then be reported as an expense in the statement of revenues and expenses. With this change, the financial statements of a government entity will look similar to a for-profit business financial statements.

We are available to advise you and offer assistance on how to proceed with steps needed to meet GASB 34 requirements.

Fire Fund

Beginning with the 2002 Tax Roll the Township began to levy extra voted millage for Fire Protection. The Collections from this levy and the expenses for Fire Protection have been accounted for in the Townships General Fund.

We have assisted the Township Treasurer in establishing a separate fund for Fire Protection receipts and disbursements and in the future all fire related transactions will be accounted for in the newly established Township Fire Fund.

Budgeting

- 1. A budget was not adopted to account for the Fire Fund transactions. In the future, a separate and distinct budget should be adopted for this newly created fund.
- 2. Several activities in the Township General Fund exceeded budgeted amounts. The budget should always be amended prior to incurring disbursements in excess of the budgeted amounts. These amendments should be approved by the Township Board and recorded in the official minutes.

We would like to thank the board for its continued confidence in our firm and to thank the Township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

September 23, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
West Branch Township
Missaukee County
Lake City, Michigan

In planning and performing our audit of the general-purpose financial statements of West Branch Township, Missaukee County, Lake City, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.